



City of  
Troy

To: The Mayor and City Council  
From: Phil Nelson, City Manager  
Subject: Budget Information  
Date: February 2, 2009

We are rapidly approaching the time when budget numbers need to be close to final form so that the text and other supporting materials can be placed in the actual operating document.

New valuation totals are nearing completion, and it appears that Troy could lose an additional \$100 million dollars in taxable value. That total computes to a reduction of about \$600,000 in revenue, or a projected General Fund property tax revenue total of \$33,500,000. The \$600,000 total was added to the previous budget shortfall of \$1.474 million to give a new shortfall total of \$2.074 million.

Several factors are critical to balancing the budget for next year. As a result, staff has developed a proposal utilizing some of the remaining revenue enhancements previously provided to the Council, some reductions of work force, and minimal use of funds from the Budget Stabilization account.

Proposed revenue/expenditure cuts and use of funds from the Budget Stabilization account will balance the budget without using cash reserves, and without reducing funding to community organizations and changing the use of the nature center property. Utilizing \$250,000 from the Budget Stabilization would decrease the balance of the fund from \$2.1 million to about \$1.85 million.

Revenue/Expenditure Item

Utilize Budget Stabilization Funds	250,000
Layoff/Early Retirement Incentivize Employees	1,521,863
Implement Property Damage Auto Crash Fee	135,000
Implement a Surcharge on Traffic Tickets	100,000
Implement Auto Injury Accident Recovery Fee	61,500
Reduce ROW Mowing from 6 Times to 3	<u>39,000</u>
 Total Amount of Revenue/Expenditure Changes	 2,107,363
 Anticipated Deficit as of 2/2/09	 2,074,000
 Anticipated Overall Balance/(Deficit)	 33,363

If the Council chooses not to approve any of the proposed revenue enhancement measures the only way to eliminate the projected deficit is through additional layoffs of personnel. Layoff notices will go out to staff members a week from today. Those who were considered for layoff but were eligible for the early retirement incentive package have already been notified so that they could take the retirement offer.

Staff has attempted to build a budget that is based on the Council's adopted "Core Products", and the output rankings provided by the Council. The proposed totals provided by staff will also maintain the Council's financial policy of maintaining an unobligated cash reserve balance of between 10 and 17 percent of General Fund expenditure totals.